GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:5911
ANSWERED ON:02.05.2003
LIQUIDITY CRUNCH IN IC CI
AMBATI BRAHMANAIAH

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the ICICI bank have sought the intervention of RBI in order to overcome from liquidity crunch recently;

(b) if so, the details thereof;

(c) whether ICICI disbursed excessive amount to the real estates and housing sector;

(d) if so, the reasons therefor;

(e) whether RBI has insisted that all its guidelines be followed by banks to avail its help;

(f) if so, the details of its guidelines; and (g) the steps taken by the Government to help the ICICI in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

(a) and (b) In order to meet the anticipated extra demand of funds at branches and ATMs in Gujarat and certain other centers and also in view of the bunching of holidays ICICI Bank Ltd. had requested Reserve Bank of India (RBI) on April 12, 2003 for temporary liquidity support as a measure of abundant caution. RBI had provided Special Coliateralised Liquidity Facility amounting to Rs. 809 crore against the collateral of Rs. 850 crore (face value) of Government of India securities on April 12, 2003. The entire amount has been repaid by ICICI Bank on April 16, 2003. Further, RBI had clarified through a press release on the same day that ICICI Bank`s financial position is sound and it has sufficient liquidity, including in its current account with the RBI, to meet the requirements of its depositors.

(c) and (d) ICICI Bank makes housing loan disbursements in the normal course of its retail business, primarily to individuals for buying residential property. There exposure to real estates is within the RBI norms.

(e) and (g) All the banks, including the private sector banks, are required to follow RBI`s guidelines. Government does not intervene in the day-to-day operational matters of the banks.